

SENATE BILL No. 317

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-35.

Synopsis: Tax credit for donations to eligible foundations. Provides a tax credit against adjusted gross income tax liability for donations of money or publicly traded securities to a qualified endowment fund at an eligible community foundation. Defines a "qualified endowment fund" as an individual fund of an eligible community foundation that is: (1) permanent; (2) unrestricted as to the purpose for which it can be spent; and (3) used for the benefit of charitable causes within local communities. Specifies that the amount of the credit is the lesser of \$1,000 or 20% of the aggregate amount of donations made during a taxable year.

Effective: January 1, 2016.

Head

January 8, 2015, read first time and referred to Committee on Tax & Fiscal Policy.



First Regular Session 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

SENATE BILL No. 317

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.1-35 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
- 3 JANUARY 1, 2016]:
- 4 **Chapter 35. Community Foundation Tax Credit**
- 5 **Sec. 1. As used in this chapter, "donation" means an irrevocable**
- 6 **gift of:**
- 7 **(1) money; or**
- 8 **(2) publicly traded securities.**
- 9 **Sec. 2. As used in this chapter, "eligible community foundation"**
- 10 **means an organization that:**
- 11 **(1) is exempt from federal income taxation under Section**
- 12 **501(c)(3) of the Internal Revenue Code;**
- 13 **(2) satisfies the public support test of Section 170(b)(1)(A)(vi)**
- 14 **of the Internal Revenue Code;**
- 15 **(3) is in compliance with national standards for United States**
- 16 **Community Foundations established by the Community**



1 Foundations National Standards Board; and

2 (4) supports a broad range of charitable activities within a
3 specific geographic area in Indiana.

4 The term includes an affiliate fund of an eligible community
5 foundation.

6 Sec. 3. As used in this chapter, "pass through entity" has the
7 meaning set forth in IC 6-3-1-35.

8 Sec. 4. As used in this chapter, "qualified endowment fund"
9 means an individual fund treated as part of an eligible community
10 foundation that is:

11 (1) permanent;

12 (2) unrestricted as to the purpose for which it can be spent;
13 and

14 (3) used for the benefit of charitable causes within local
15 communities.

16 Sec. 5. As used in this chapter, "state tax liability" means the
17 taxpayer's total tax liability that is incurred under IC 6-3-1
18 through IC 6-3-7 (the adjusted gross income tax).

19 Sec. 6. As used in this chapter, "taxpayer" means an individual
20 or entity that has any state tax liability.

21 Sec. 7. A taxpayer that makes a donation to a qualified
22 endowment fund of an eligible community foundation is entitled to
23 a credit against the taxpayer's state tax liability in the taxable year
24 in which the taxpayer makes the donation.

25 Sec. 8. The amount of a taxpayer's credit is the lesser of:

26 (1) one thousand dollars (\$1,000); or

27 (2) twenty percent (20%) of the aggregate amount of
28 donations made by the taxpayer during a taxable year.

29 Sec. 9. If a pass through entity is entitled to a credit under
30 section 7 of this chapter but does not have state tax liability against
31 which the tax credit may be applied, a shareholder, partner, or
32 member of the pass through entity is entitled to a tax credit equal
33 to:

34 (1) the tax credit determined for the pass through entity for
35 the taxable year; multiplied by

36 (2) the percentage of the pass through entity's distributive
37 income to which the shareholder, partner, or member is
38 entitled.

39 Sec. 10. The credit provided by this chapter may not exceed the
40 amount of the taxpayer's adjusted gross income tax liability for the
41 taxable year, reduced by the sum of all credits for the taxable year
42 that are applied before the application of the credit provided by



1 **this chapter. The amount of any unused credit under this chapter**
2 **for a taxable year may not be carried forward to a succeeding**
3 **taxable year, carried back to a preceding taxable year, or**
4 **refunded.**

5 **SECTION 2. [EFFECTIVE JANUARY 1, 2016] (a) IC 6-3.1-35, as**
6 **added by this act, applies to taxable years beginning after**
7 **December 31, 2015.**

8 **(b) This SECTION expires July 1, 2019.**

